



# Results at September 30<sup>th</sup>, 2020

Gruppo Cattolica Assicurazioni

Verona, November 11<sup>th</sup>, 2020

# Key consolidated figures

Results at September 30<sup>th</sup>, 2020

(€ mln)	IAS IFRS RESULTS		
	9M2019	9M2020	Δ%
<b>Total Direct Premiums</b>	4,975	4,108	-17.4%
<i>Non-Life Direct Premiums</i>	1,523	1,483	-2.6%
<i>Life Direct Premiums<sup>1</sup></i>	3,452	2,625	-24.0%
<b>Combined ratio<sup>2</sup></b>	95.1%	90.0%	-5.1 pps
<b>Cons. Shareholders' Equity</b>	2,351 <sup>3</sup>	2,392	+1.8%
<b>Solvency II Ratio</b>	175% <sup>3</sup>	161%	-14 pps
<b>Operating Result</b>	216	297	+37.5%
<b>Consolidated Result</b>	108	72	-34.0%
<b>Group's Result</b>	84	42	-50.5%
<b>Adjusted Result</b>	95	116	+21.0%
<b>Operating Return On Equity</b>	7.3%	10.0%	2.7 pps

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- **The Cattolica Group and the 2020 Covid-19 Crisis**
- **Results at September 30<sup>th</sup>, 2020**
- **Non-Life Business Performance**
- **Life Business Performance**
- **Investments**

# The Cattolica Group and the 2020 Covid-19 Crisis (1/3)

## Workforce protection and Business continuity

Following the spread of COVID-19 in Italy, a large number of assessments have been carried out to identify the risks and implement measures to counter or reduce the negative effects of the pandemic, protect and safeguard staff, customers and stakeholders in general, and guarantee business continuity.

- **Protecting the workforce.** The entire company population has been kept safe by the introduction of **100% smartworking since 24 February**. The activities necessary for a safe return to the operational sites were carried out, both to the executive offices (in September with a maximum of 25% of staff present at the sites) and to the agencies. Due to the new peak in the infection recorded since the beginning of October, the Group considered it appropriate to return to full smart working mode. **Ensuring the continuity of internal processes.** The **communication plan** goes on both internally and externally in order to guarantee a clear, up-to-date and continuous flow of information, to reassure stakeholders and provide widespread information about the initiatives undertaken.
- **Business continuity.** A new **“Pay by Link”** remote payment system has been introduced to facilitate the relationship between customers and agents. All professionals have been given the instructions they need to proceed with settlements remotely to ensure that work, including appraisals, continues after lockdown. All the necessary safeguards and tools have been deployed to ensure **continuity of the business agenda**, including meetings with boards and the Corporate Agent Group, and to provide agency training via digital learning sessions.

# The Cattolica Group and the 2020 Covid-19 Crisis (2/3)

## Implementation of measures

- **Ongoing monitoring of the impacts of the emergency in the short term, and simulations of the effects in the medium-long term**, have been put in place. The Group's liquidity situation is constantly analysed and stress tests carried out. There is weekly reporting on the main business KPIs.
- The following **customer care** solutions have been adopted:
  - During the lockdown period the following measure have been taken: **extension of third-party liability motor insurance payment deadlines**, tariff flexibility has been increased, particularly in **Motor TPL downwards**, options have been offered for the **suspension of Motor TPL policies**, and the **extension of payment deadlines has also been extended to Non-Motor policies**. These measures ceased as from July 31.
  - A new emergency procedure **for distance selling** (Motor insurance) has been introduced for Group customers, involving telephone consultancy, documentation by email and Pay by Link payments.
  - A new procedure **for distance selling of Life products**.
  - Introduction of a **voucher** for Motor TPL customers which entitles them to a **discount equal to one month of their current premium**, to be used for the renewal of the policy or to buy a new product, and to enrich their coverage also with the guarantee of legal protection (different options depending on the sales channels).
  - Finally, on the **solidarity** front, Società Cattolica and Fondazione Cattolica have made **donations** for the acquisition of healthcare and nursing materials totalling **2 million euro**.

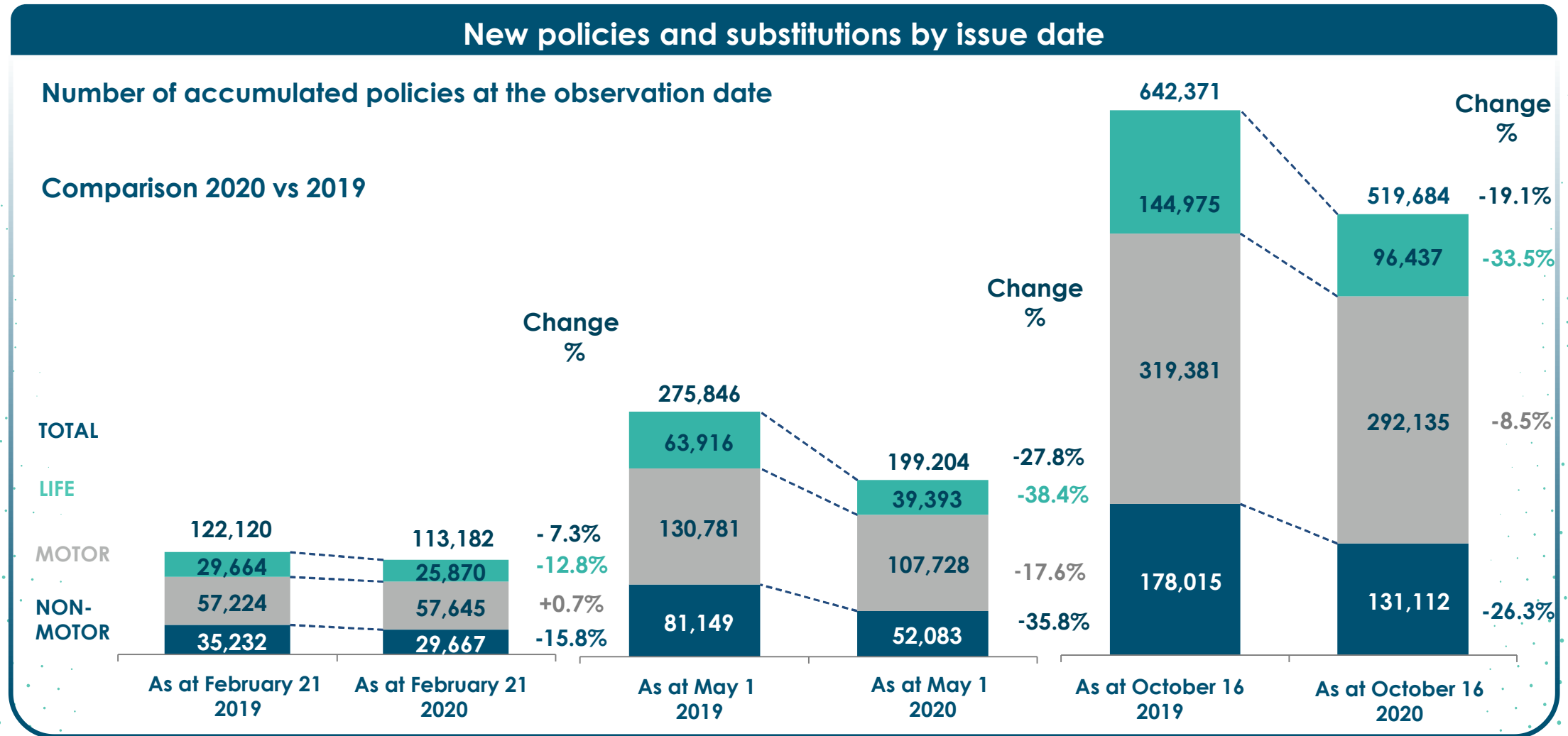
# The Cattolica Group and the 2020 Covid-19 Crisis (3/3)

Overview as at 30 September 2020

1. As at 30 September 2020, the RC Motor division has seen a reduction in the frequency of claims due to the halting of vehicle circulation as a result of the COVID-19 emergency. The months from July to October recorded the improvement in claims frequency; in recent weeks there has been a slight decline in circulation which could further decrease, with important consequences on the frequency, following the DPCM approved in early November to stem the new wave of the pandemic. The 1H20 accounting period situation took already into account completely the commercial effect of the voucher worth one month of an RC Motor policy that can be used by customers to obtain a discount on renewal of their policies.
2. As concerns **life insurance**, there has been a **reduction in premium inflows** and no significant impacts are expected with regard to supplementary reserves and the possibility of retrocession in shadow accounting. The impact on the technical result of TCM term life insurance may be limited.
3. To date there have been no anomalies due to non-collection or premium cancellations.
4. With regard to **investments**, on the basis of the currently available data, there have been no significant deviations from the impairment estimates for AFS securities.
5. There are no elements at the date for the recognition of impairment on goodwill.

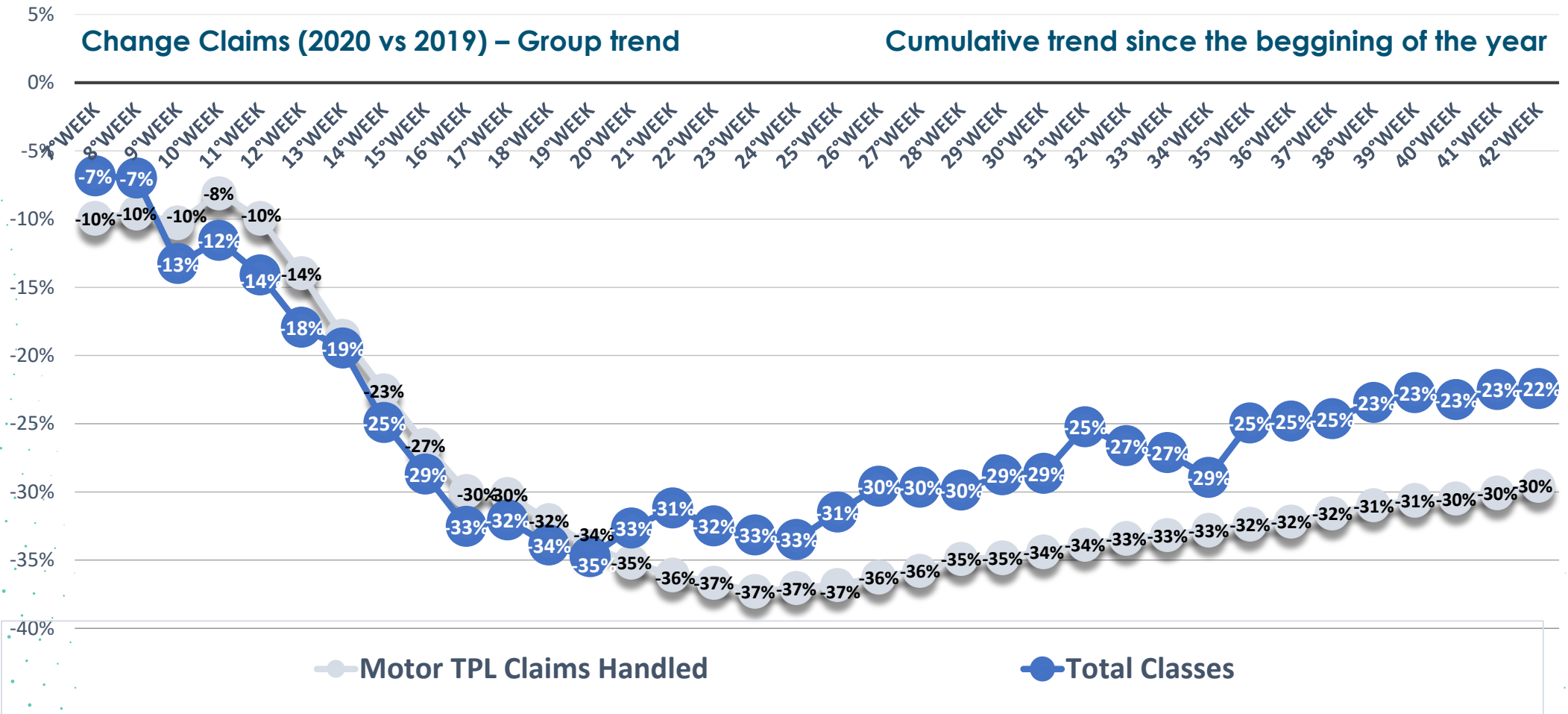
# New business

Non-Life and Life business performance (as at 16 October 2020)



This does not represent the Group's exact total, as it does not include the direct channel; the data is inclusive of the Vera JVs and Cattolica Banche. Non-Motor does not include the CPI of Vera and BCC; Non-Motor also does not include week 1 of the year due to the presence of outliers for the Cattolica Agencies and Tua, while Bancassurance also includes parts of week 1. Non-Motor refers to Retail. From week 18 of 2019, Life Insurance does not include Vera Protezione TCM as the systems were closed for data migration. From week 18 Bancassurance is affected by system migration of the Vera JVs and subsequent alignment.

# Claims – Group Weekly trend





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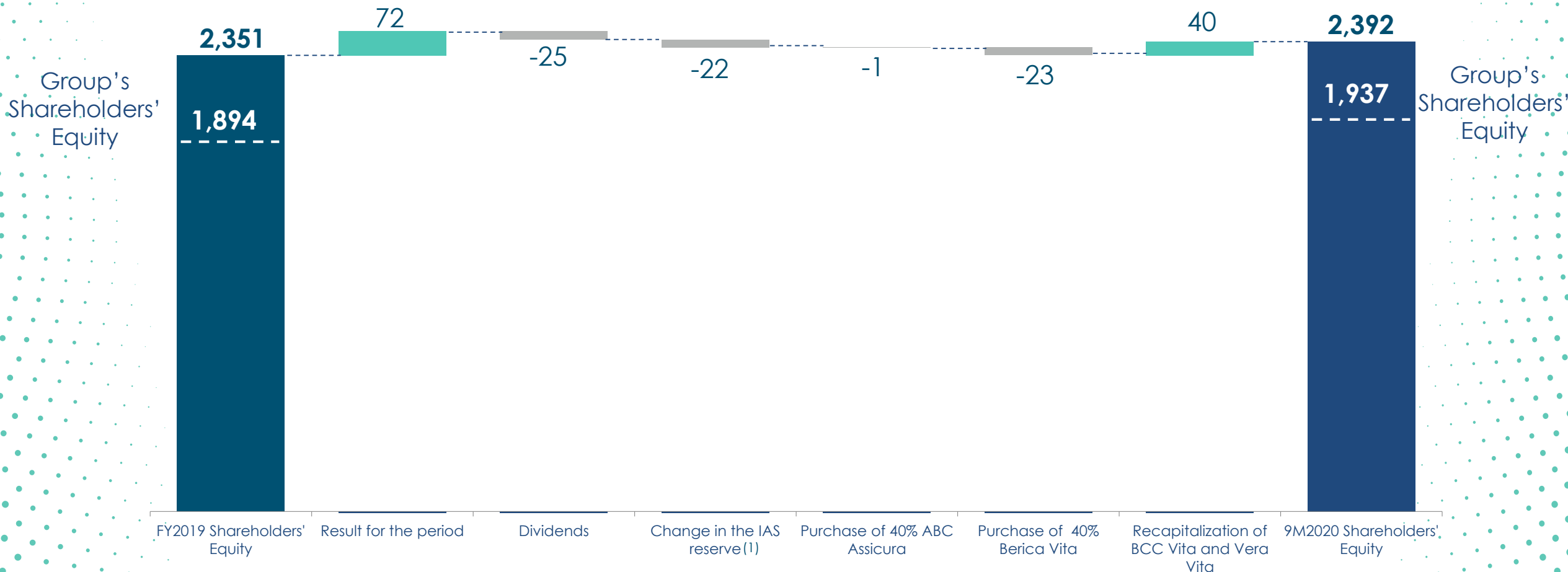
# Income statement by segment of activities

Results at September 30<sup>th</sup>, 2020

€ mln	NON-LIFE		LIFE		OTHER		TOTAL	
	9M2019	9M2020	9M2019	9M2020	9M2019	9M2020	9M2019	9M2020
Net Premiums	1,387	1,384	3,357	2,573	0	0	4,744	3,957
Net charges relating to claims	-904	-775	-3,691	-2,540	0	0	-4,595	-3,315
Operating expenses	-398	-403	-168	-123	0	0	-566	-526
Other revenues net of other costs (other technical income and charges)	-18	-66	-39	-39	0	0	-57	-105
Income on ordinary gross investments (Class C)	74	64	392	390	-1	0	465	454
Income on ordinary gross investments (Class D)	0	0	292	-88	0	0	292	-88
Net income from investments in subsidiaries, associated companies and joint ventures	0	3	0	-4	0	0	0	-1
Commissions income net of commissions expense	0	0	1	-1	0	0	1	-1
Operating expenses relating to investments	-7	-7	-28	-30	-2	-2	-37	-39
<b>RESULT OF INSURANCE BUSINESS AND FINANCIAL OPERATIONS</b>	<b>134</b>	<b>200</b>	<b>116</b>	<b>138</b>	<b>-3</b>	<b>-2</b>	<b>247</b>	<b>336</b>
Other revenues net of other operating costs	-27	-28	-4	-10	0	-1	-31	-39
<b>OPERATING RESULT</b>	<b>107</b>	<b>172</b>	<b>112</b>	<b>128</b>	<b>-3</b>	<b>-3</b>	<b>216</b>	<b>297</b>
Realised and valuation income	5	0	8	-2	0	-4	13	-6
Interests on subordinated debt	-18	-18	-4	-4	0	0	-22	-22
Non-operating net income from investments in subsidiaries, associated companies and joint ventures	3	-8	1	-4	0	0	4	-12
Other revenues net of other non-operating costs	-10	-13	-26	-79	0	0	-36	-92
<b>PROFIT (LOSS) BEFORE TAXATION FOR THE YEAR</b>	<b>87</b>	<b>133</b>	<b>91</b>	<b>39</b>	<b>-3</b>	<b>-7</b>	<b>175</b>	<b>165</b>
Taxation	-36	-59	-31	-35	0	1	-67	-93
<b>CONSOLIDATED PROFIT (LOSS) FOR THE YEAR</b>	<b>51</b>	<b>74</b>	<b>60</b>	<b>4</b>	<b>-3</b>	<b>-6</b>	<b>108</b>	<b>72</b>
of which pertaining to the Group	49	73	38	-25	-3	-6	84	42
of which pertaining to minority interests	2	1	22	29	0	0	24	30
<b>ADJUSTED RESULT</b>	<b>51</b>	<b>75</b>	<b>47</b>	<b>47</b>	<b>-3</b>	<b>-6</b>	<b>95</b>	<b>116</b>

# Consolidated Shareholders' Equity

Results at September 30<sup>th</sup>, 2020



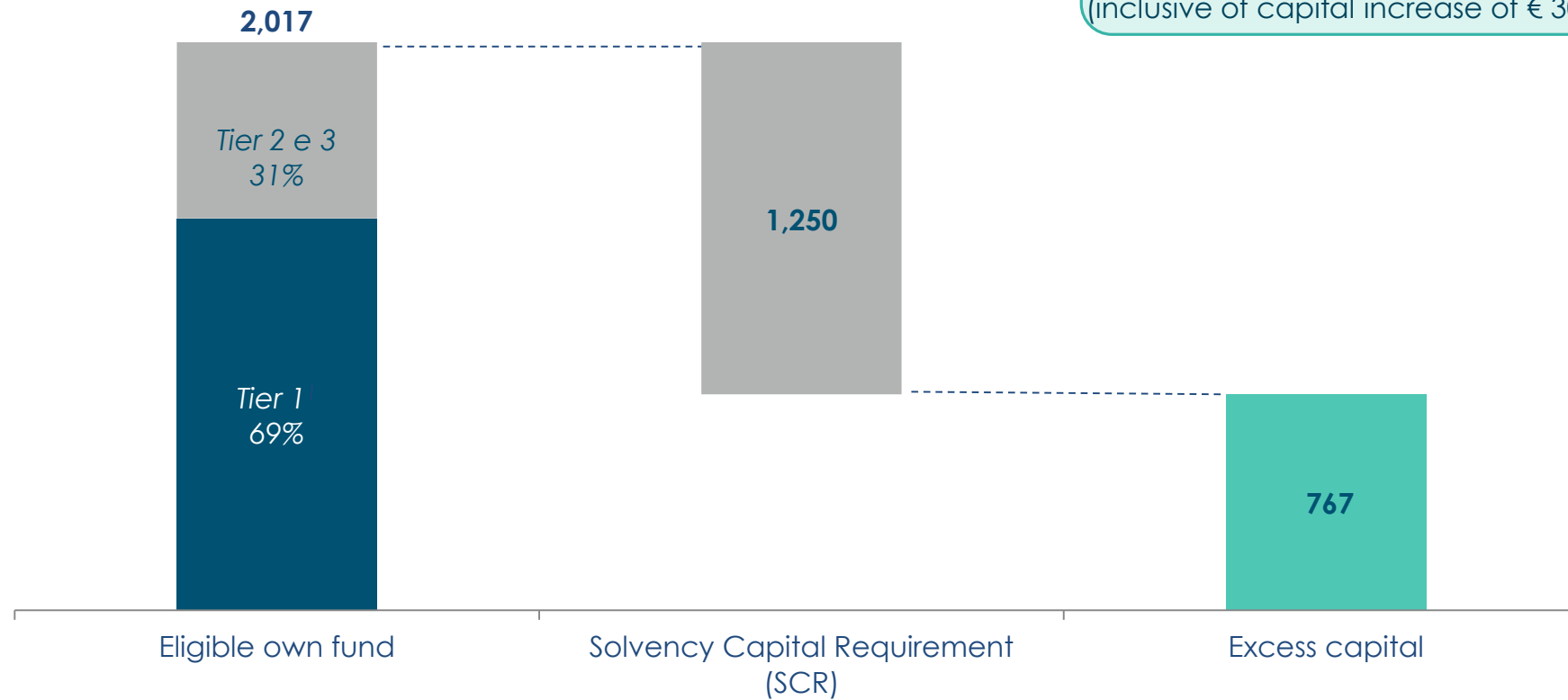
(1) It includes the changes in shadow accounting (net of tax and shadow accounting) and other profit and loss directly included in Shareholders' Equity and other small changes in reserves.

# Group's Solvency II ratio

Results at September 30<sup>th</sup>, 2020

**Solvency II Ratio 161%**  
as at 30 September 2020

**Solvency II Ratio Estimate  
about 205%<sup>(2)</sup>**  
as at 31 October 2020  
(inclusive of capital increase of € 300 mln)



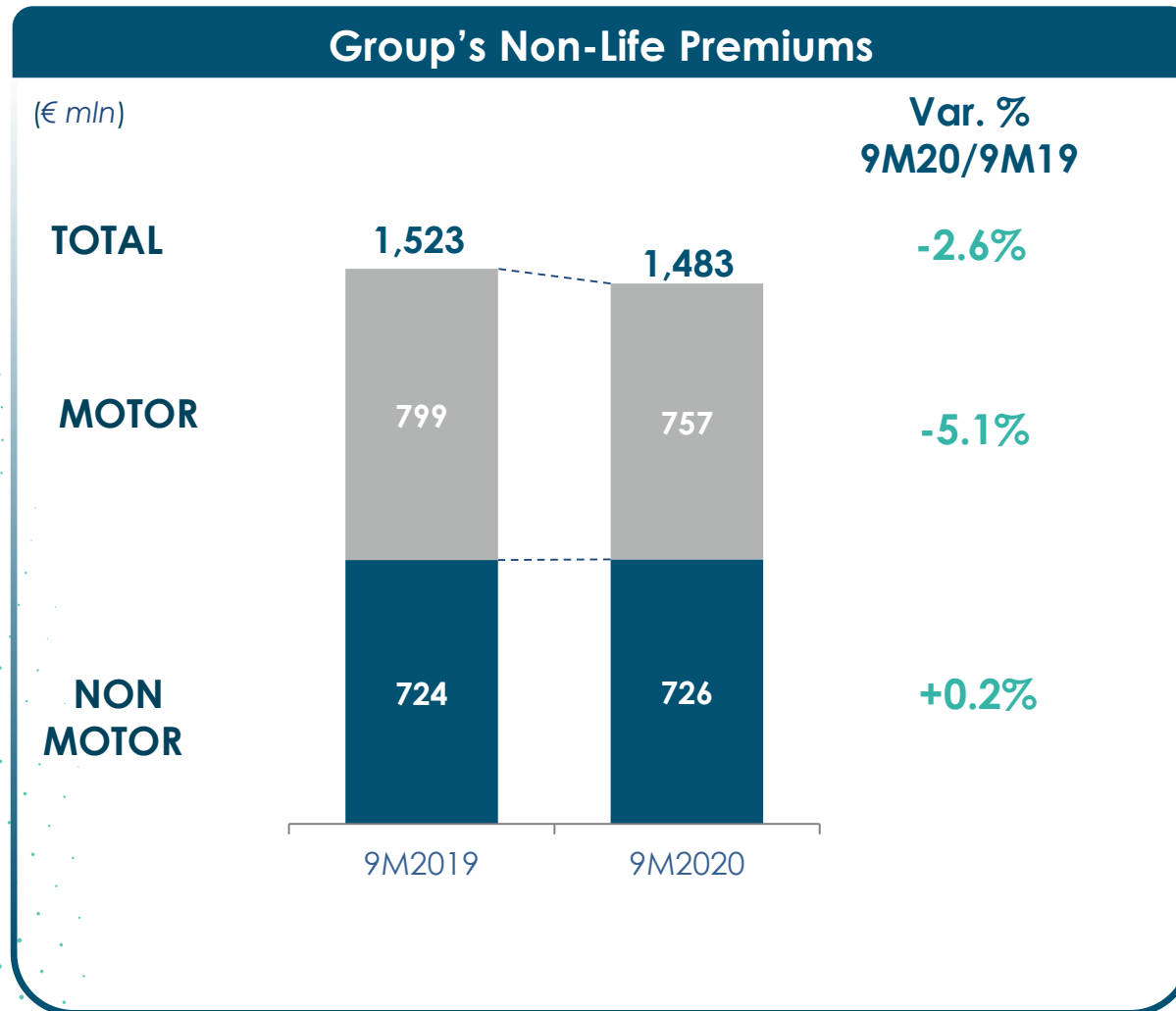
- (1) Tier 1 "unrestricted" eligible own funds (share capital and capital buffers) equal to about 65% of total own eligible funds
- (2) This indicator does not take into account either the potential effect of withdrawals or the optional capital increase which has already been approved and which will probably be carried out in the coming months.

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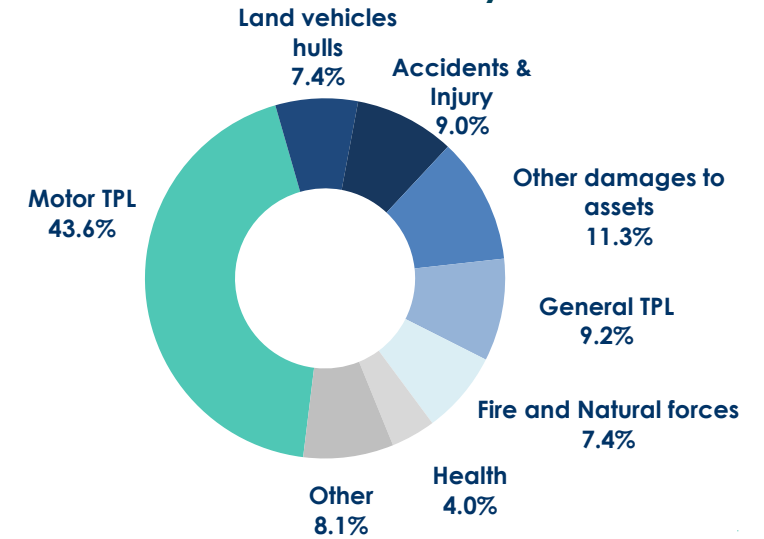
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# Non-Life Premiums

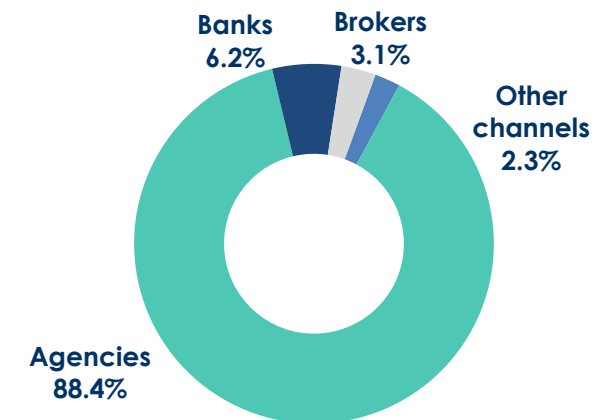
## Non-Life Business Performance



### Non-Life Premiums by Class

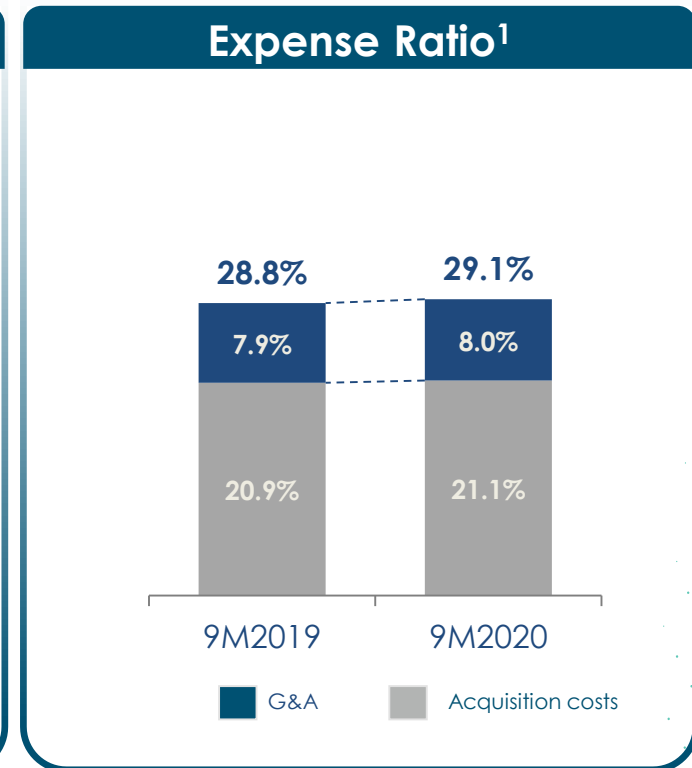
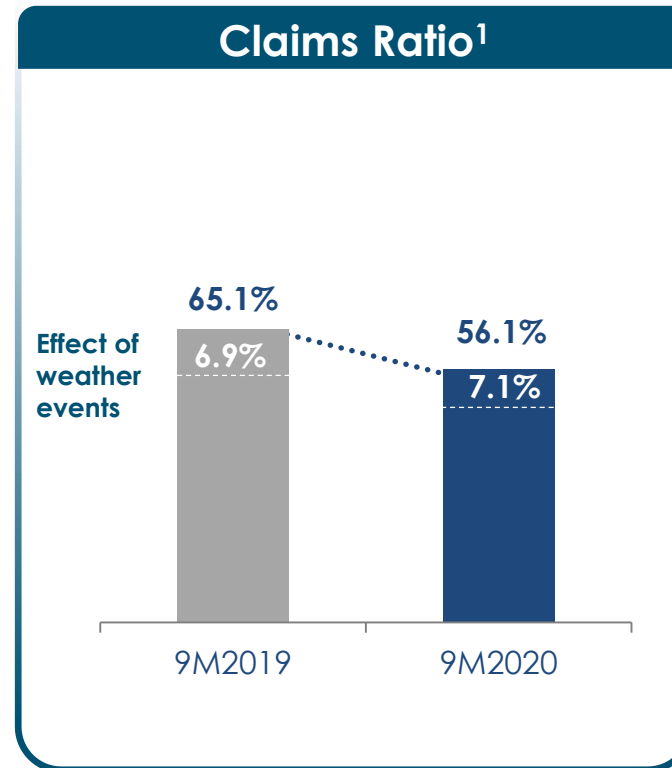
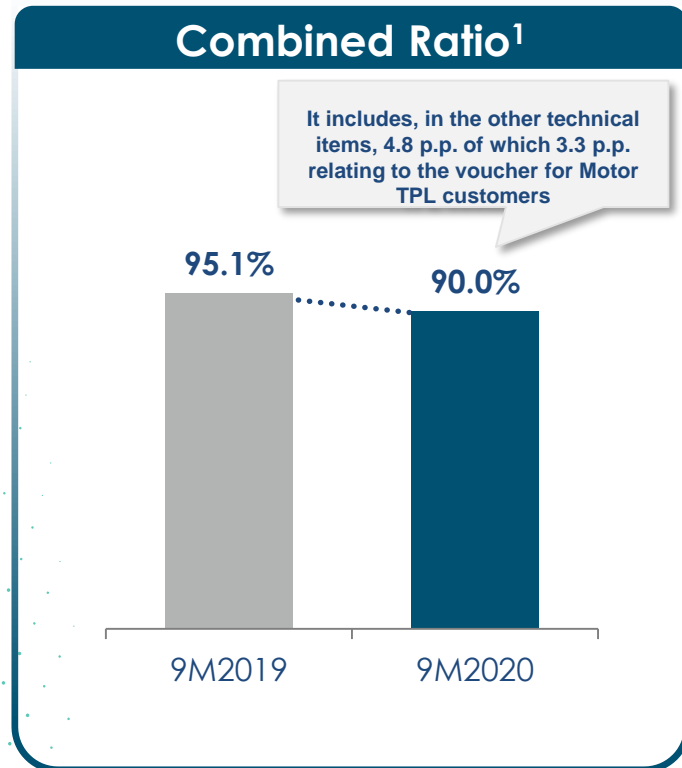


### Non-Life Premiums by Channel



# Technical Ratios

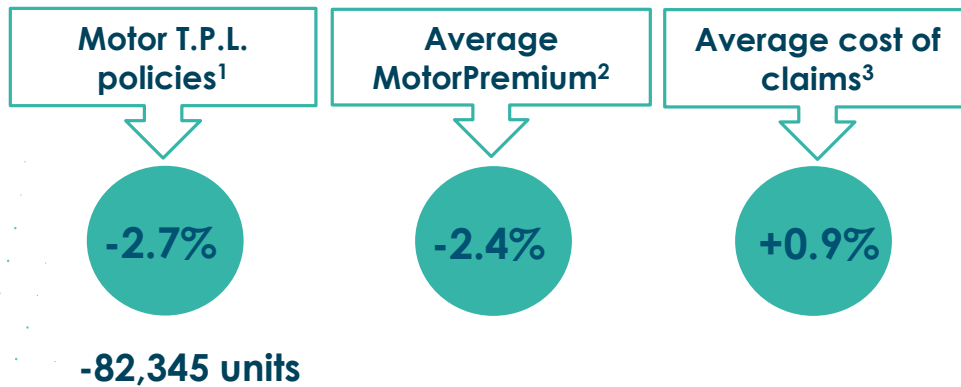
## Non-Life Business Performance



# Technical Ratios

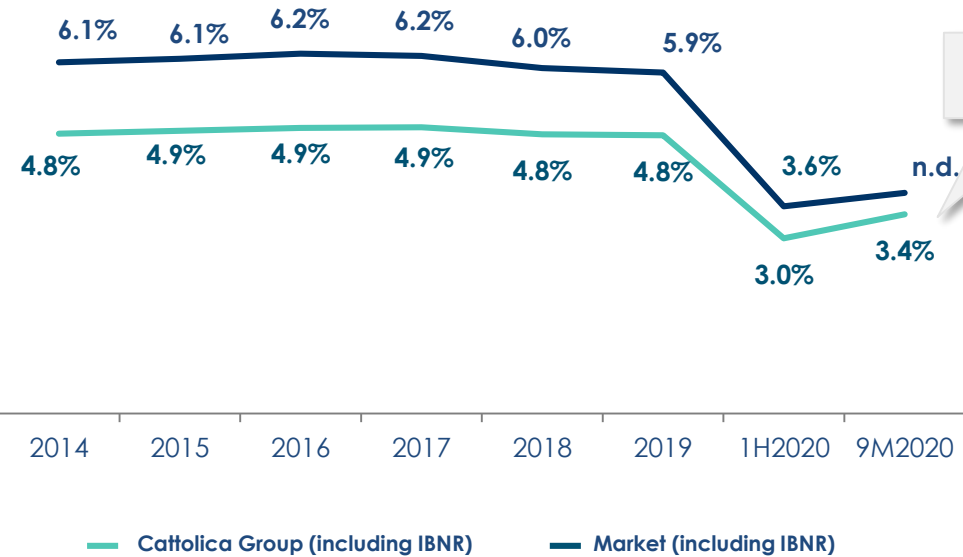
## Non-Life Business Performance

### MOTOR TPL - Policies, avg. Premium



Figures at 9M2020  
Δ compared with FY2019

### MOTOR TPL - Claims Frequency



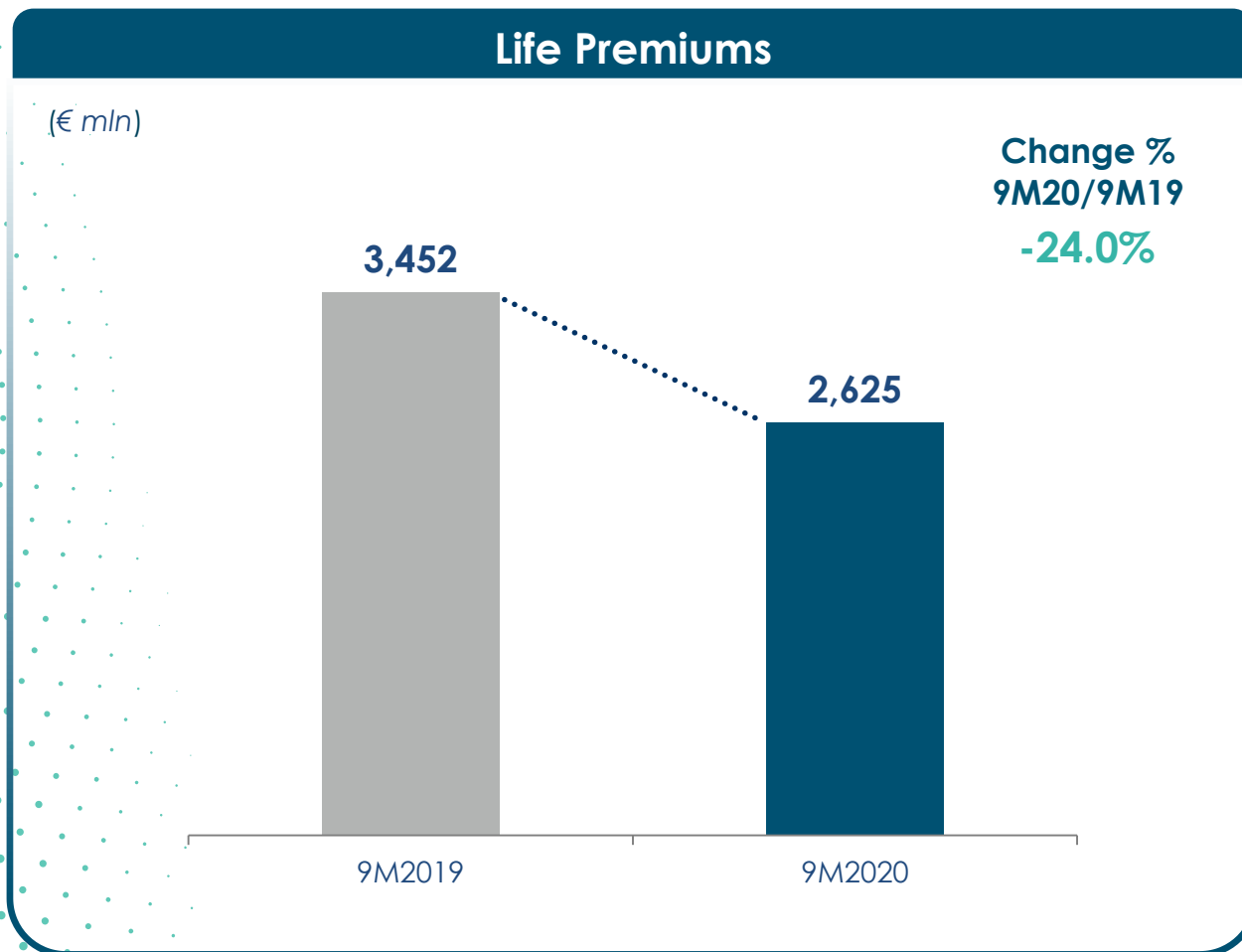


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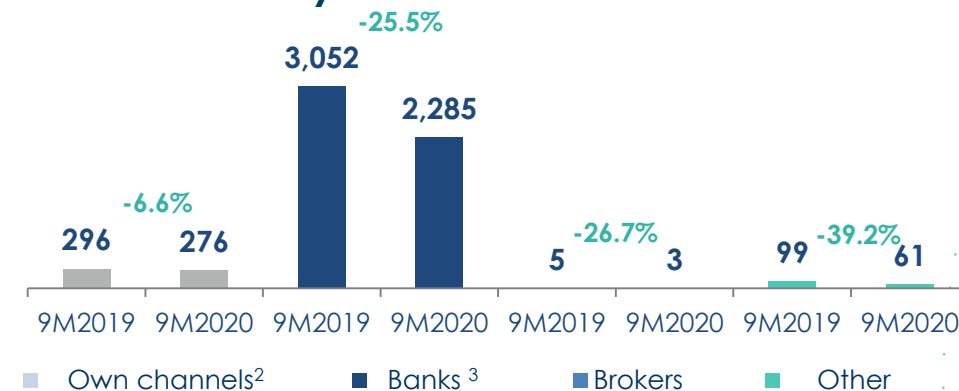
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# Life Premiums

## Life Business Performance



### Life Premiums by Channel



### Life Premiums by Class

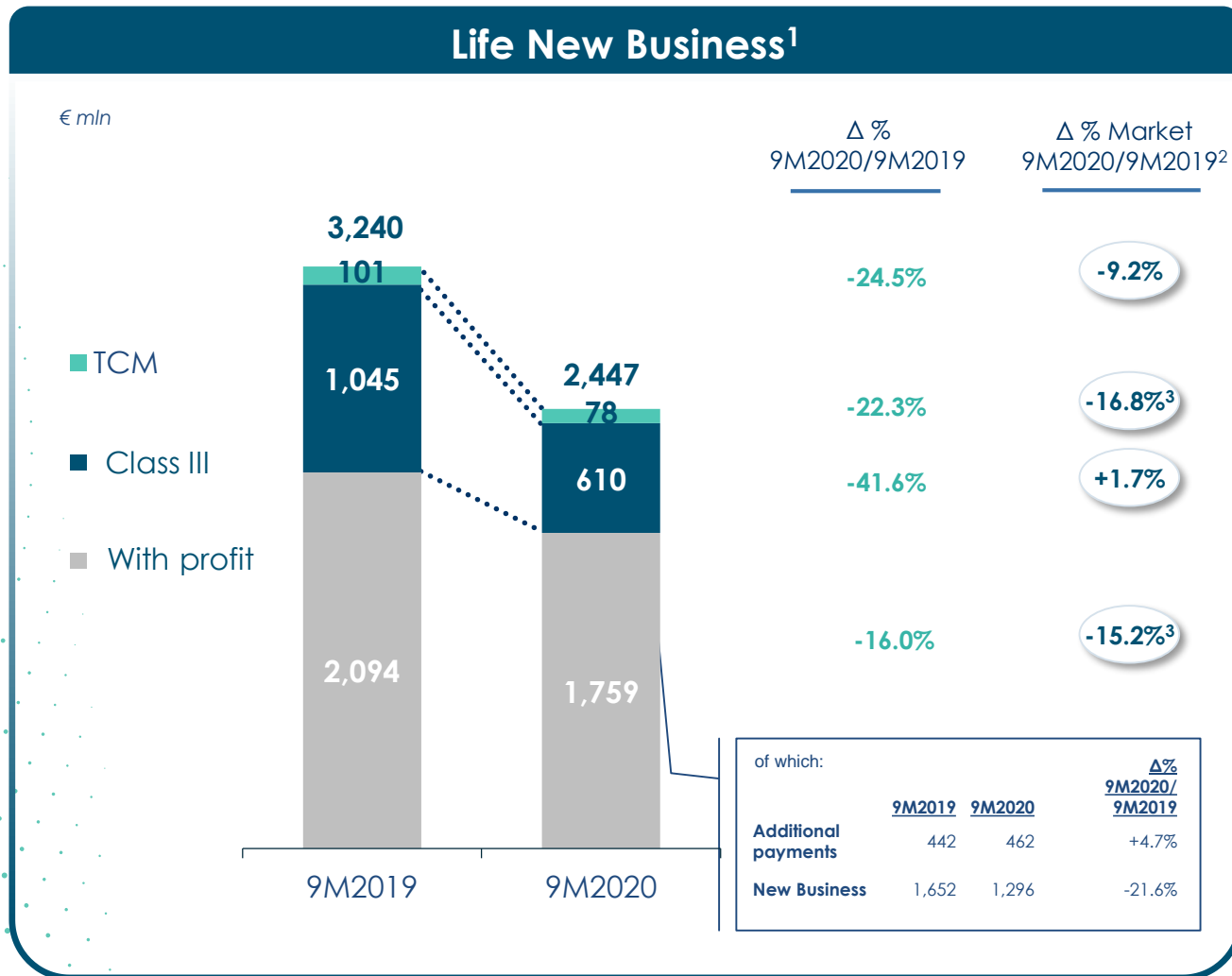
	9M2019		9M2020		9M20/9M19
	€ mln	%	€ mln	%	Δ%
Traditional products <sup>1</sup>	2,319	67.2%	1,951	74.3%	-15.9%
Linked products	1,068	31.0%	639	24.4%	-40.2%
Pension funds	65	1.8%	35	1.3%	-46.3%
<b>Total</b>	<b>3,452</b>		<b>2,625</b>		<b>-24.0%</b>



- (1) Classes I, IV and V.
- (2) Agents and sub-agents.
- (3) It includes Financial Advisors.

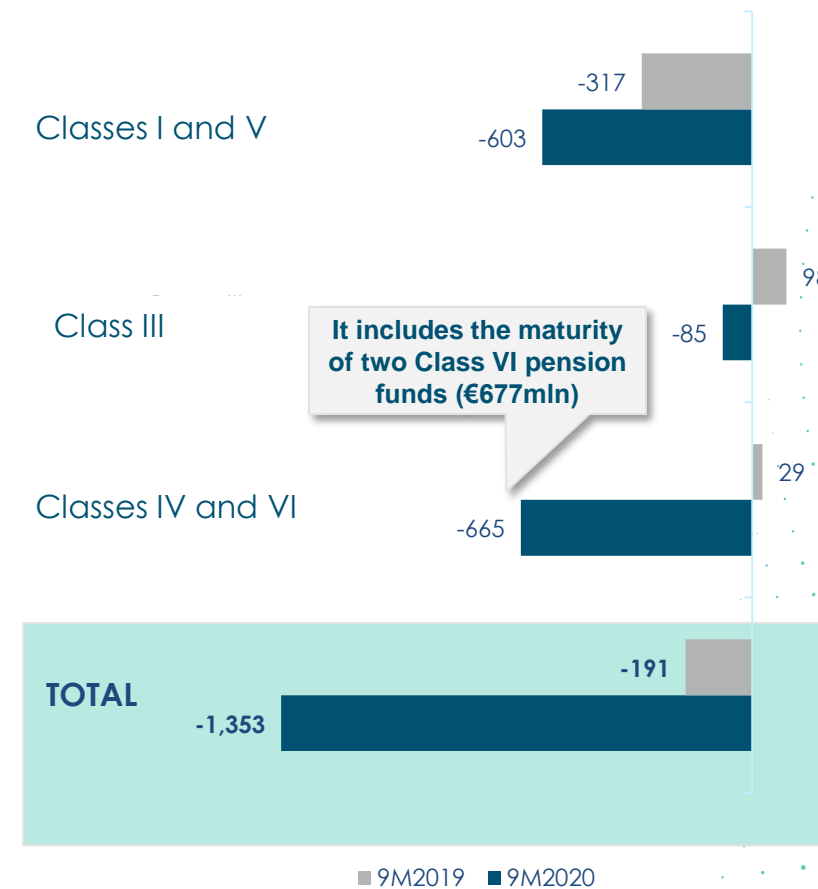
# Life New Business and Life Net Inflows

## Life Business Performance



### Life Net Inflows by Class

€ mln



(1) With profit - Classes I and V.

(2) Source: ANIA monthly statistic on Life new business Anno XVI\_n°09\_November 2020.

(3) Changes calculated on the basis of ANIA monthly statistic on Life new business Anno XVI\_n°09\_November 2020.

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# Investment Result and Group Asset Allocation

## Investments

### Group Asset allocation

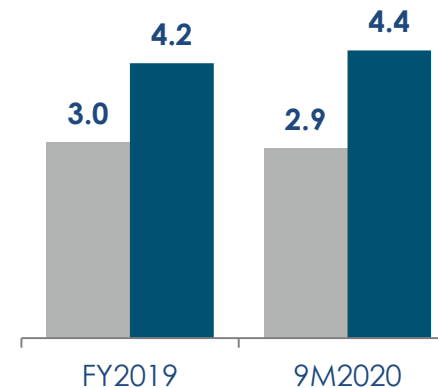


### Investment Result and yield

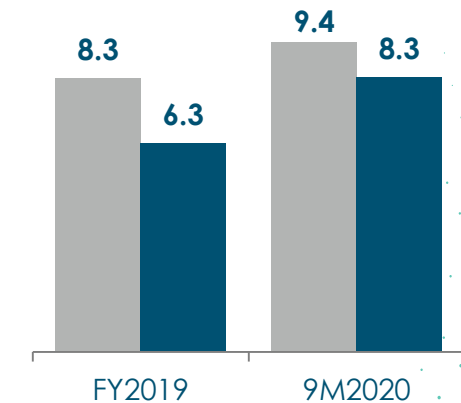
€ mln

	9M2019				9M2020			
	NON LIFE		LIFE		NON LIFE		LIFE	
	mln	yield	mln	yield	mln	yield	mln	yield
Ordinary investment income	74	2.8%	342	2.1%	64	2.5%	324	2.0%
Net realised and unrealised gains/losses	5	0.2%	58	0.4%	0	0.0%	64	0.4%
<b>TOTAL</b>	<b>79</b>	<b>3.0%</b>	<b>400</b>	<b>2.5%</b>	<b>64</b>	<b>2.5%</b>	<b>388</b>	<b>2.4%</b>

### Non life duration



### Life Duration



■ Liabilities

■ Assets

# Group Asset allocation

## Investments

### Group Asset allocation<sup>1</sup>

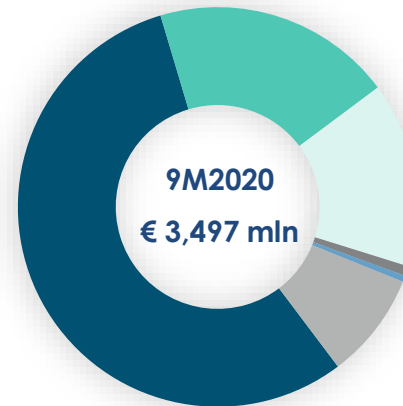


Government bonds	73.8%
Corporate bonds	19.1%
Property	4.1%
Equity	0.4%
Liquidity	0.3%
Alternative investments	2.3%



Government bonds	73.5%
Corporate bonds	18.7%
Property	4.3%
Equity	0.5%
Liquidity	0.7%
Alternative investments	2.3%

### Non life Asset allocation



Government bonds	55.6%
Corporate bonds	19.4%
Property	15.0%
Equity	0.8%
Liquidity	0.5%
Alternative investments	8.6%

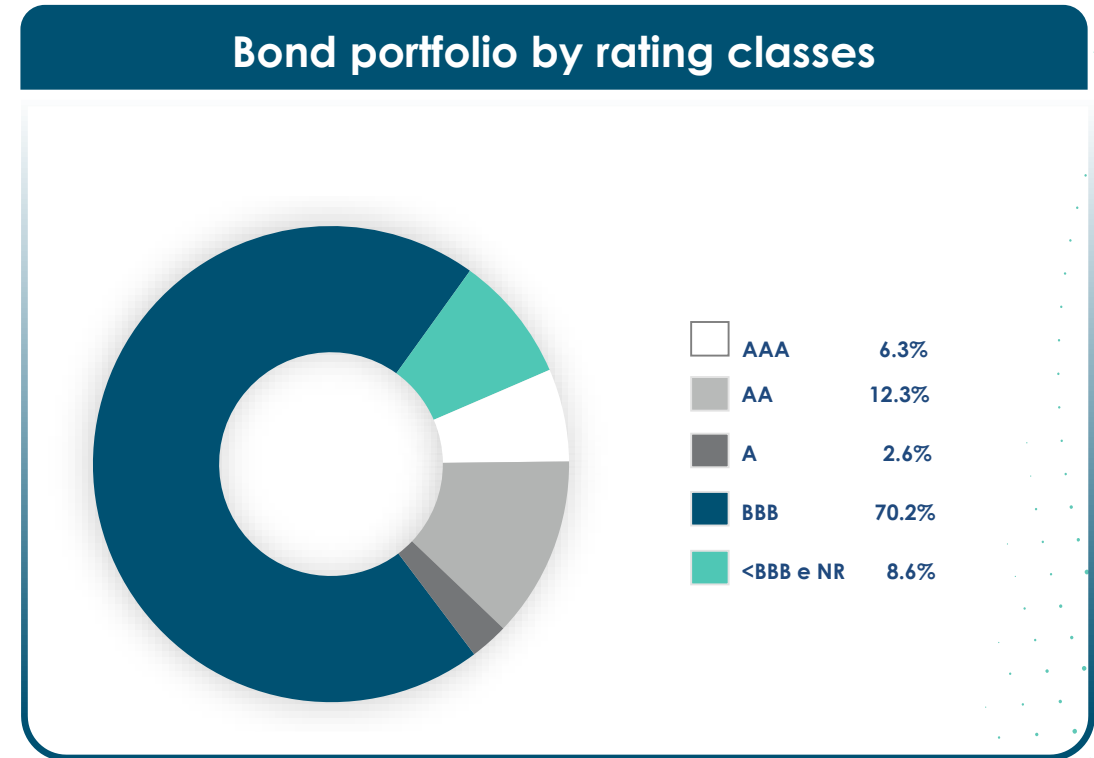
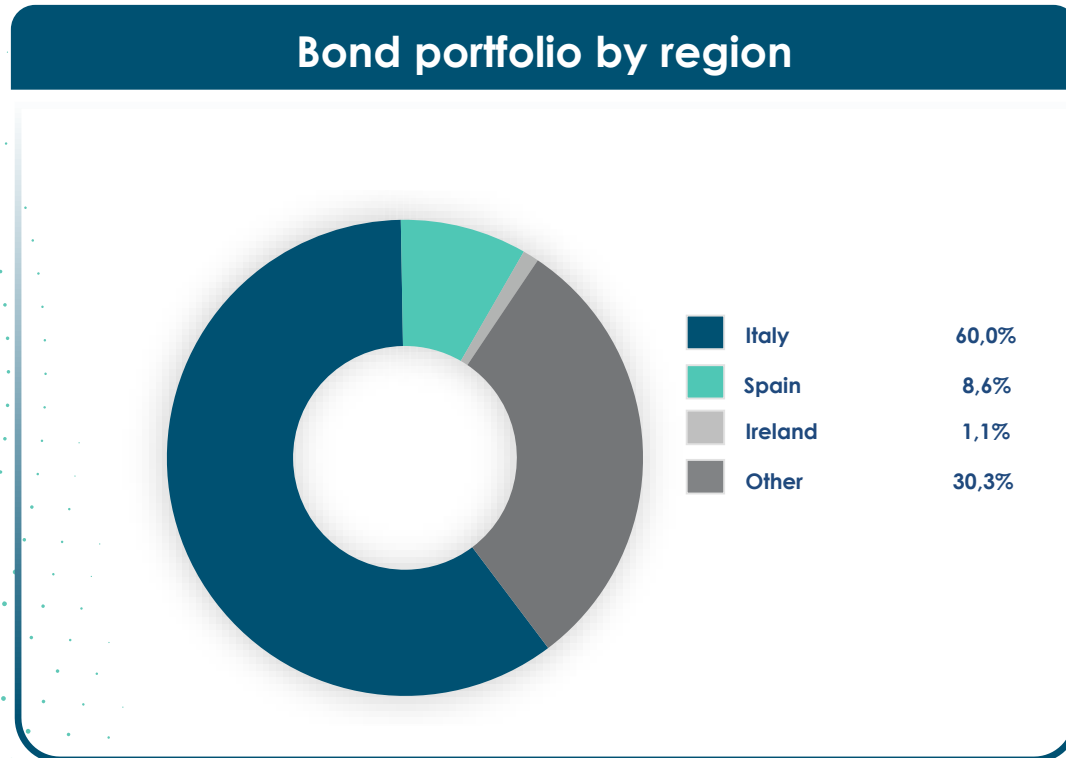
### Life Asset allocation



Government bonds	76.2%
Corporate bonds	18.6%
Property	2.7%
Equity	0.4%
Liquidity	0.7%
Alternative investments	1.4%

# Group's bond portfolio by region and rating classes

Investments

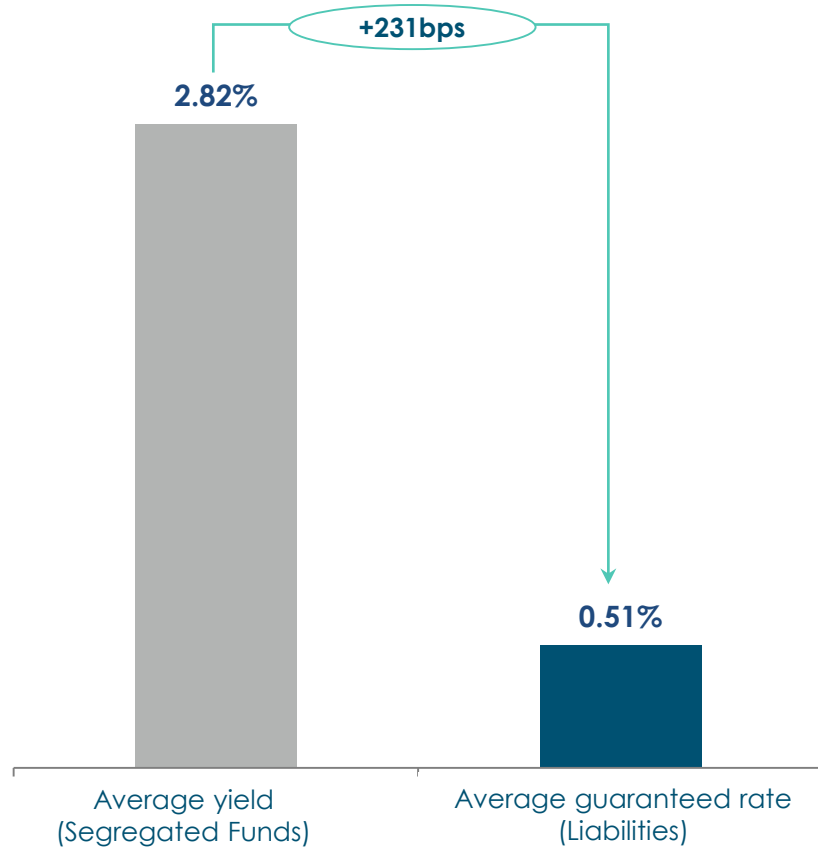


➤ Italian government bonds' exposure as at 30 September 2020 has reached 48.2%

# Financial performance and Minimum Guaranteed

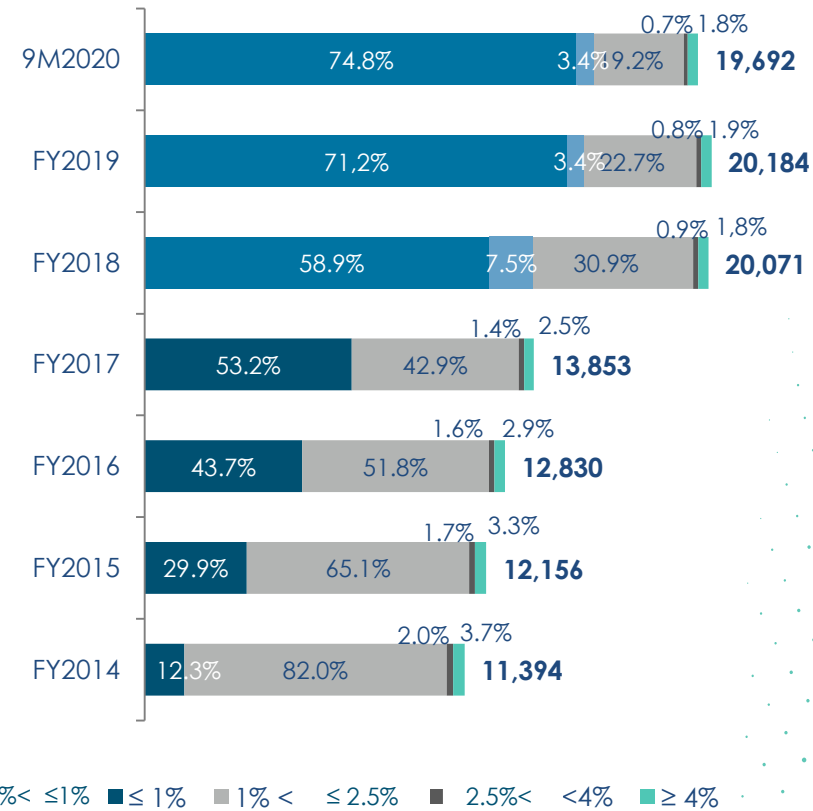
## Investments

### Yield and Minimum Guaranteed – 9M2020



### Technical reserves breakdown by min. guaranteed

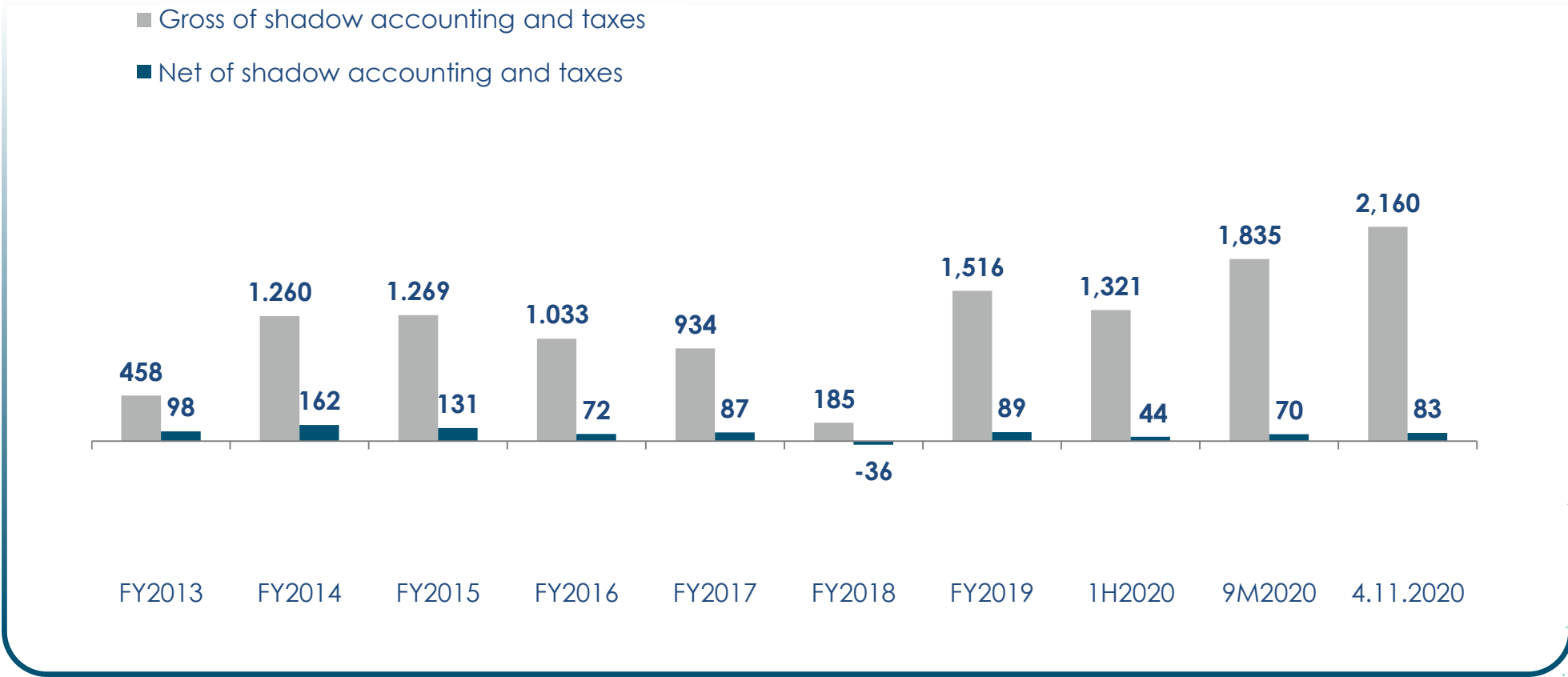
Segregated funds  
€ mln





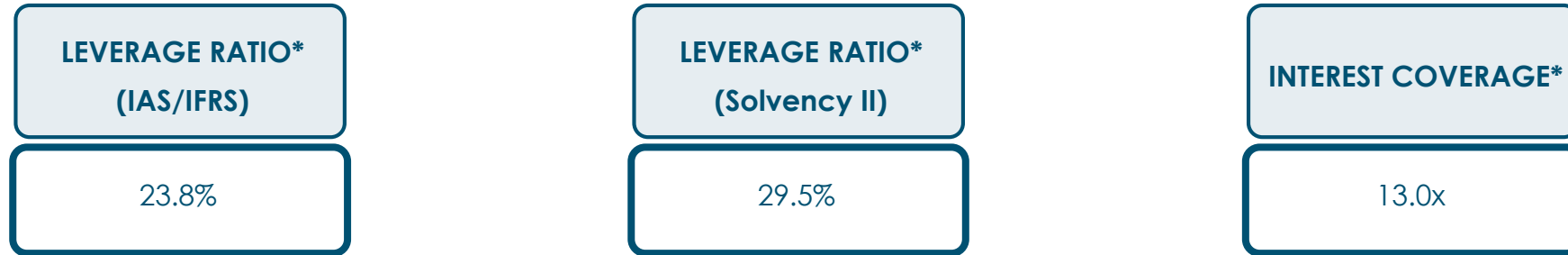
# Trend of the Available for Sale Reserve Investments

## Available for Sale Reserve



# Outstanding financial debt

## Investments



\* See formulas on page 30

	Subscribed	Rating	Coupon	Nominal issuance (€ mln)	Outstanding (€ mln)	Issue date	Maturity	Callable	Tier
Subordinated Issuance	Private placement	n.r.	6-month Euribor+200 basis points	80	80	30/09/2010	Indeterm.	30/09/2020	Tier 1 Restricted
Subordinated Issuance	Institutional Investors	BB+	7.25% <sup>1</sup>	100	100	17/12/2013	17/12/2043	17/12/2023	Tier 2
Subordinated Issuance	Institutional Investors	BB+	4.25% <sup>2</sup>	500	500	14/12/2017	14/12/2047	14/12/2027	Tier 2



Subordinated issuances at Group level

(1) Until the end of the tenth year. In case of failure to exercise the call option, the rate becomes floating and is equal to the 3-month Euribor + 619 basis points

(2) Until the end of the tenth year. In the event of failure to exercise the call option, the rate becomes floating and is equal to the Euribor reference rate + 4.455%

# APPENDIX

# Notes

**Pursuant to paragraph 2 of Article 154-bis of the Consolidated Law on Finance, Corporate Financial Reporting Manager Atanasio Pantarrotas declares that the accounting information contained in this document matches the company documents, books and financial records.**

The Company advises that it has prepared the Cattolica Group's Consolidated Financial Report at 30 September 2020 in accordance with IAS 34 (Interim Financial Statements). This approach is related to the capital increase, approved by the Company's Board of Directors on 4 August 2020, in exercise of the mandate granted pursuant to Article 2443 of the Civil Code by the Extraordinary General Meeting of 27 June 2020, and the related obligations. The Report, including the independent auditors' report, will be available to the public from the Company's registered office, its website, [www.cattolica.it](http://www.cattolica.it), and the eMarket STORAGE facility authorised by Consob, managed by Spafid Connect S.p.a. and accessible from the site [www.emarketstorage.com](http://www.emarketstorage.com), in the manner and according to the terms set out in applicable laws and regulations.

# Ratios and Formulas (1/2)

Claims ratio  $\rightarrow$  *Net claims costs / Net premiums (retained business)*

Expense ratio (non life)  $\rightarrow$  *Operating expenses / Net premiums (retained business)*

Combined ratio  $\rightarrow$  *(1-(Technical result / Net premiums )) (retained business)*

Non-life operating result  $\rightarrow$  *It is defined as the sum of the technical balance, net of reinsurance, with ordinary financial revenues and other non-technical net items (depreciations, write-down of insurance credits, etc.); The operating profit does not include financial realised and unrealised gains/losses and impairments, impairments on other assets, interests paid on financial debts (subordinated debts), the amortization of the value of business acquired (VOBA), the voluntary redundancy incentives and staff severance indemnity as well as other one-off items.*

Life operating result  $\rightarrow$  *It is defined in a similar way, with the only difference that the entire financial income contributing to the return of securities pertaining to the segregated funds is considered part of the operating profit.*

# Ratios and Formulas (2/2)

Leverage ratio (IAS/IFRS) ➤  $\frac{\text{Subordinated liabilities}}{\text{Subordinated liabilities} + \text{Consolidated shareholders' equity} - \text{Gains or losses on available for sale financial assets} - \text{Other gains or losses recognised directly in equity}}$

Leverage ratio (Solvency 2) ➤  $\frac{\text{Financial debt}}{\text{Excess of assets over liabilities} + \text{Financial debt}}$

Interest coverage ➤  $\frac{\text{Operating result}}{\text{interest expenses}}$

Operating Return On Equity ➤ *The operating ROE is the ratio between: 1) the operating profit less the cost of financial debt, income taxes, and minority interests; and 2) the average Group shareholders' equity of the year (excluding the valuation reserve on available for sale instruments); taxes are calculated consistently with the operating result assets and liabilities.*

Utile Adjusted ➤ *It is defined as the Group's net result minus the amortisation of the VOBA (value of business acquired, net of the related tax effects and for the portion pertaining to the Group) and of the impairment of goodwill, which have relevance on the Group's net result but do not affect the Solvency position.*

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